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Press Release

Source: Lerach Coughlin Stoia Geller Rudman & Robbins LLP

Lerach Coughlin Stoia Geller Rudman & Robbins LLP Files Class Action Suit Against MBNA Corp.

Thursday May 5, 5:45 pm ET

SAN DIEGO--(BUSINESS WIRE)--May 5, 2005--Lerach Coughlin Stoia Geller Rudman & Robbins LLP ("Lerach Coughlin") (<http://www.lerachlaw.com/cases/mbna/>) today announced that a class action has been commenced in the United States District Court for the District of Delaware on behalf of purchasers of MBNA Corp. ("MBNA") (NYSE:KRB - [News](#)) publicly traded securities during the period between January 20, 2005 and April 21, 2005 (the "Class Period").

If you wish to serve as lead plaintiff, you must move the Court no later than 60 days from today. If you wish to discuss this action or have any questions concerning this notice or your rights or interests, please contact plaintiff's counsel, William Lerach or Darren Robbins of Lerach Coughlin at 800/449-4900 or 619/231-1058, or via e-mail at wsl@lerachlaw.com. If you are a member of this class, you can view a copy of the complaint as filed or join this class action online at <http://www.lerachlaw.com/cases/mbna/>. Any member of the purported class may move the Court to serve as lead plaintiff through counsel of their choice, or may choose to do nothing and remain an absent class member.

The complaint charges MBNA and certain of its officers and directors with violations of the Securities Exchange Act of 1934. MBNA is an international financial services company providing lending, deposit, and credit insurance products and services to its customers.

The complaint alleges that on January 21, 2005, the start of the Class Period, MBNA issued the first earnings forecast in the Company's history, projecting an ongoing 12% earnings increase, with a 10% increase in 2005 earnings over 2004's. Defendants said MBNA would make this target because the Company had already drastically reduced its own reliance on insidious no-interest loans, rendering its own loan portfolio more profitable than that of its competitors. Defendants also projected a 20%+ increase in Return on Equity. Defendants' EPS estimate for 2005 was \$2.36 per share, which was 10% above the Company's 2004 EPS. These projections were being made nearly one-third of the way into Q1 2005 and would be repeated and detailed at the Company's January 21, 2005 and February 9, 2005 investor conferences. On April 21, 2005, defendants disclosed that MBNA had earned only \$0.02 in Q1 2005 -- a 94% decline from the \$0.59 per share it reported in Q4 2004 -- and that it was guiding 2005 EPS growth down to "significantly below" its prior 10% growth estimate.

According to the complaint, the true facts, which were known by each of the defendants but concealed from the investing public during the Class Period, were as follows: (a) the Company had been experiencing "unexpectedly high payment volumes from U.S. credit card customers" during Q1 2005, reducing managed loans in the quarter "more than in prior years"; (b) of the prepaids, the higher interest rate borrowers were prepaying more than the lower interest rate borrowers, resulting in the prepaids having a more adverse impact on the Company's yield on managed loans; (c) MBNA was suffering from an unseasonably sharp contraction in loans during Q1 2005 causing total managed loans to decrease; (d) the Company had been aggressively recognizing gains on sales of securitized no-interest loan receivables through off-balance sheet funding structures; (e) MBNA was experiencing higher-than-expected delinquencies during Q1 2005; (f) the Company had reversed its margin-protection strategy of reducing reliance on no-interest loans and teaser promotions and was instead increasing its offering of no-interest loans, which, by defendants' own admissions, will significantly reduce future earnings; (g) losses on loan receivables and managed loans had increased; (h) approximately 50% of MBNA's receivables were on variable floating interest rates while approximately 80% of the Company's funding was tied to LIBOR, such that the Company's cost of funds was increasing more rapidly than the interest payments it was receiving from borrowers when interest rates increased; (i) due to the increase in prepaids, the interest-only securitization strip securities valued on the Company's books at \$1.3 billion were overstated; and (j) the Company's previously announced Q1 2005

restructuring charge had doubled. As a result of these false statements, MBNA's stock traded at inflated levels during the Class Period which permitted the Company's top officers and directors to sell more than \$75 million worth of their own shares. Following the Company's April 21, 2005 disclosures concerning its business operations, financial results and reduced 2005 earnings expectations, the Company's stock price plummeted from its closing price of \$23.11 on the close of April 20, 2005 to below \$19 per share on extremely high trading volume of 51 million shares.

Plaintiff seeks to recover damages on behalf of all purchasers of MBNA publicly traded securities during the Class Period (the "Class"). The plaintiff is represented by Lerach Coughlin, which has expertise in prosecuting investor class actions and extensive experience in actions involving financial fraud.

Lerach Coughlin, a 150-lawyer firm with offices in San Diego, San Francisco, Los Angeles, New York, Boca Raton, Washington, D.C., Houston, Philadelphia and Seattle, is active in major litigations pending in federal and state courts throughout the United States and has taken a leading role in many important actions on behalf of defrauded investors, consumers, and companies, as well as victims of human rights violations. Lerach Coughlin lawyers have been responsible for more than \$20 billion in aggregate recoveries. The Lerach Coughlin Web site (<http://www.lerachlaw.com>) has more information about the firm.